

SENATE BILL No. 522

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-28-26; IC 36-7.

Synopsis: Sales and income tax increment districts. Deletes references to sales tax increment financing in the statutes governing global commerce centers (which are not authorized to use sales tax increment financing). Provides that the increment in state sales tax revenues in a community revitalization enhancement district (CRED) established after June 30, 2009, or in an area added to such a CRED may not be captured by the CRED for purposes of sales tax increment financing. Provides that the increment in state adjusted gross income taxes paid by workers in a CRED established after June 30, 2009, or in an area added to a CRED after June 30, 2009, may not be captured by the CRED for purposes of income tax increment financing. Prohibits the approval of economic development project districts (which are authorized to use sales tax increment financing) by the state board of finance after June 30, 2009. Provides that the increment in state sales tax revenues in a certified technology park (CTP) established after June 30, 2009, may not be captured by the CTP for purposes of sales tax increment financing. Provides that the increment in state adjusted gross income taxes paid by workers in a CTP established after June 30, 2009, may not be captured by the CRED for purposes of income tax increment financing.

Effective: July 1, 2009.

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January 15, 2009, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

SENATE BILL No. 522

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-28-26-14, AS ADDED BY P.L.203-2005,
2 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2009]: Sec. 14. (a) After a global commerce center is
4 designated under section 12 of this chapter, the district shall send to the
5 department of state revenue:

6 (1) a certified copy of the designation of the global commerce
7 center under section 12 of this chapter; and

8 (2) a complete list of the employers in the global commerce center
9 and the street names and the range of street numbers of each
10 street in the global commerce center.

11 The district shall update the list provided under subdivision (2) before
12 July 1 of each year.

13 (b) Not later than sixty (60) days after receiving a copy of the
14 designation of the global commerce center, the department of state
15 revenue shall determine ~~the gross retail base period amount and the~~
16 income tax base period amount.

17 SECTION 2. IC 5-28-26-15, AS ADDED BY P.L.203-2005,

2009

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SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 15. Before the first business day in October of each year, the department of state revenue shall calculate the income tax incremental amount ~~and the gross retail incremental amount~~ for the preceding state fiscal year for each global commerce center designated under this chapter.

SECTION 3. IC 36-7-13-2.6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2.6. (a) Except as provided in subsection (b), as used in this chapter **with respect to a district approved by the budget agency before July 1, 2009, including an area added to such a district before July 1, 2009,** "gross retail incremental amount" means the remainder of:

(1) the aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in ~~a~~ **the** district during a state fiscal year; minus

(2) the gross retail base period amount;
as determined by the department of state revenue under section 14 of this chapter.

(b) ~~For purposes of~~ **As used in this chapter with respect to a district designated approved by the budget agency** under section 12.1 of this chapter **before July 1, 2009, including an area added to such a district before July 1, 2009,** "gross retail incremental amount" means seventy-five percent (75%) of the amount described in subsection (a).

(c) **As used in this chapter with respect to:**

(1) **a district approved by the budget agency after June 30, 2009; or**

(2) **an area added to any district after June 30, 2009 (regardless of the date when the district was initially approved by the budget agency);**

the "gross retail incremental amount" is zero (0).

SECTION 4. IC 36-7-13-3.4, AS AMENDED BY P.L.199-2005, SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3.4. (a) Except as provided in subsection (b), as used in this chapter **with respect to a district approved by the budget agency before July 1, 2009, including an area added to the district before July 1, 2009,** "income tax incremental amount" means the remainder of:

(1) the aggregate amount of state and local income taxes paid by employees employed in ~~a~~ **the** district with respect to wages earned for work in the district for a particular state fiscal year; minus

(2) the sum of the:

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1 (A) income tax base period amount; and
 2 (B) tax credits awarded by the economic development for a
 3 growing economy board under IC 6-3.1-13 to businesses
 4 operating in ~~a~~ **the** district as the result of wages earned for
 5 work in the district for the state fiscal year;
 6 as determined by the department of state revenue under section 14 of
 7 this chapter.

8 (b) ~~For purposes of~~ **As used in this chapter with respect to a**
 9 ~~district designated~~ **approved by the budget agency** under section 12.1
 10 of this chapter **before July 1, 2009, including an area added to such**
 11 **a district before July 1, 2009, "income tax incremental amount"**
 12 means seventy-five percent (75%) of the amount described in
 13 subsection (a).

14 (c) **As used in this chapter with respect to a district approved by**
 15 **the budget agency after June 30, 2009, or an area added to any**
 16 **district after June 30, 2009 (regardless of the date when the district**
 17 **was initially approved by the budget agency), "income tax**
 18 **incremental amount" means the remainder of:**

19 (1) the aggregate amount of income taxes paid by employees
 20 employed in the district or additional area under IC 6-3.5-1.1
 21 (county adjusted gross income tax), IC 6-3.5-6 (county option
 22 income tax), and IC 6-3.5-7 (county economic development
 23 income tax) with respect to wages earned for work in the
 24 district or additional area for a particular state fiscal year;
 25 minus

26 (2) the part of the income tax base period amount for the
 27 district or additional area that is attributable to income taxes
 28 paid by employees employed in the district or additional area
 29 under IC 6-3.5-1.1 (county adjusted gross income tax),
 30 IC 6-3.5-6 (county option income tax), and IC 6-3.5-7 (county
 31 economic development income tax) with respect to wages
 32 earned for work in the district or additional area;

33 **as determined by the department of state revenue under section 14**
 34 **of this chapter.**

35 SECTION 5. IC 36-7-13-15 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 15. (a) If an advisory
 37 commission on industrial development designates a district under this
 38 chapter or the legislative body of a county or municipality adopts an
 39 ordinance designating a district under section 10.5 of this chapter, the
 40 treasurer of state shall establish an incremental tax financing fund for
 41 the district. The fund shall be administered by the treasurer of state.
 42 Money in the fund does not revert to the state general fund at the end

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of a state fiscal year.

(b) **This subsection applies to a district approved by the budget agency before July 1, 2009.** Subject to subsection ~~(c)~~, (d), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for the district under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the district, **excluding businesses in an area added to the district after June 30, 2009**, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the district.

(2) The aggregate amount of state and local income taxes paid by employees employed in the district with respect to wages earned for work in the district, **excluding income taxes paid under IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax) by employees employed in an area added to the district after June 30, 2009**, until the amount of state and local income taxes deposited equals the income tax incremental amount.

(c) **This subsection applies to:**

(1) **a district approved by the budget agency after June 30, 2009; and**

(2) **an area added to any district after June 30, 2009 (regardless of the date when the district was initially approved by the budget agency).**

The aggregate amount of income taxes paid by employees employed in the district or additional area under IC 6-3.5-1.1 (county adjusted gross income tax), IC 6-3.5-6 (county option income tax), and IC 6-3.5-7 (county economic development income tax) with respect to wages earned for work in the district shall be deposited during each state fiscal year in the incremental tax financing fund established for the district under subsection (a), until the amount deposited equals the income tax incremental amount.

~~(c)~~ (d) The aggregate amount of revenues that is:

(1) attributable to:

(A) the state gross retail and use taxes established under IC 6-2.5; and

(B) the adjusted gross income tax established under IC 6-3-1 through IC 6-3-7; and

(2) deposited during any state fiscal year in each incremental tax financing fund established for a district;

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may not exceed one million dollars (\$1,000,000) per district designated under section 10.5 or 12 of this chapter and seven hundred fifty thousand dollars (\$750,000) per district for a district designated under section 10.1 or 12.1 of this chapter.

~~(d)~~ (e) On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a district shall be distributed to the district's advisory commission on industrial development for deposit in the industrial development fund of the unit that requested designation of the district.

SECTION 6. IC 36-7-26-14, AS AMENDED BY P.L.185-2005, SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 14. (a) ~~Whenever~~ **If, before July 1, 2009,** a commission determines that the redevelopment and economic development of an area situated within the commission's jurisdiction may require the establishment of a district, the commission shall cause to be assembled data sufficient to make the determinations required under section 15 of this chapter, including the following:

(1) Maps and plats showing the boundaries of the proposed district.

(2) A complete list of street names and the range of street numbers of each street situated in the proposed district.

(3) A plan for the redevelopment and economic development of the proposed district. The plan must describe the local public improvements necessary or appropriate for the redevelopment or economic development.

(b) For a city described in section 1(2) or 1(3) of this chapter, the proposed district must contain a commercial retail facility with at least five hundred thousand (500,000) square feet, and any distributions from the fund must be used in the area described in subsection (a) or in areas that directly benefit the area described in subsection (a).

(c) For a city described in section 1(4) of this chapter, the proposed district may not contain any territory outside the boundaries of a redevelopment project area established within the central business district of the city before 1985.

SECTION 7. IC 36-7-26-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 16. (a) Upon adoption of a resolution designating a district under section 15 of this chapter, the commission shall submit the resolution to the board for approval. In submitting the resolution to the board, the commission shall deliver to the board:

(1) the data required under section 14 of this chapter;

(2) the information concerning the proposed redevelopment and

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economic development of the proposed district; and
 (3) the proposed utilization of the revenues to be received under
 section 23 of this chapter.

This information may be modified from time to time after the initial
 submission. The commission shall provide to the board any additional
 information that the board may request from time to time. **The board
 may not approve a resolution after June 30, 2009.**

(b) Upon adoption of a resolution designating a district under
 section 15 of this chapter, and upon approval of the resolution by the
 board under subsection (a), the commission shall publish (in
 accordance with IC 5-3-1) notice of the adoption and purport of the
 resolution and of the hearing to be held. The notice must provide a
 general description of the boundaries of the district and state that
 information concerning the district can be inspected at the
 commission's office. The notice must also contain a date when the
 commission will hold a hearing to receive and hear remonstrances and
 other testimony from persons interested in or affected by the
 establishment of the district. All affected persons, including all persons
 or entities owning property or doing business in the district, shall be
 considered notified of the pendency of the hearing and of subsequent
 acts, hearings, adjournments, and resolutions of the commission by the
 notice given under this section.

SECTION 8. IC 36-7-32-6.5, AS ADDED BY P.L.199-2005,
 SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 JULY 1, 2009]: Sec. 6.5. (a) As used in this chapter **with respect to a
 certified technology park designated by the Indiana economic
 development corporation before July 1, 2009**, "gross retail
 incremental amount" means the remainder of:

(1) the aggregate amount of state gross retail and use taxes that
 are remitted under IC 6-2.5 by businesses operating in the
 territory comprising ~~a~~ **the** certified technology park during a state
 fiscal year; minus

(2) the gross retail base period amount;
 as determined by the department of state revenue.

**(b) As used in this chapter with respect to a certified technology
 park designated by the Indiana economic development corporation
 after June 30, 2009, the "gross retail incremental amount" is zero
 (0).**

SECTION 9. IC 36-7-32-8.5, AS ADDED BY P.L.199-2005,
 SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 JULY 1, 2009]: Sec. 8.5. (a) As used in this chapter **with respect to a
 certified technology park designated by the Indiana economic**

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development corporation before July 1, 2009, "income tax incremental amount" means the remainder of:

(1) the total amount of state adjusted gross income taxes, county adjusted gross income tax, county option income taxes, and county economic development income taxes paid by employees employed in the territory comprising the certified technology park with respect to wages and salary earned for work in the territory comprising the certified technology park for a particular state fiscal year; minus

(2) the sum of the:

(A) income tax base period amount; and

(B) tax credits awarded by the economic development for a growing economy board under IC 6-3.1-13 to businesses operating in a certified technology park as the result of wages earned for work in the certified technology park for the state fiscal year;

as determined by the department of state revenue.

(b) As used in this chapter with respect to a certified technology park designated by the Indiana economic development corporation after June 30, 2009, "income tax incremental amount" means the remainder of:

(1) the total amount of county adjusted gross income taxes, county option income taxes, and county economic development income taxes paid by employees employed in the territory comprising the certified technology park with respect to wages and salary earned for work in the territory comprising the certified technology park for a particular state fiscal year; minus

(2) the part of the income tax base period amount that is attributable to county adjusted gross income taxes, county option income taxes, and county economic development income taxes paid by employees employed in the territory comprising the certified technology park with respect to wages and salary earned for work in the territory comprising the certified technology park;

as determined by the department of state revenue.

SECTION 10. IC 36-7-32-10, AS AMENDED BY P.L.203-2005, SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 10. (a) A unit may apply to the Indiana economic development corporation for designation of all or part of the territory within the jurisdiction of the unit's redevelopment commission as a certified technology park and to enter into an agreement governing the

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terms and conditions of the designation. The application must be in a form specified by the Indiana economic development corporation and must include information the corporation determines necessary to make the determinations required under section 11 of this chapter.

(b) This subsection applies only to a unit in which a certified technology park designated before January 1, 2005, is located. **Before July 1, 2009**, a unit may apply to the Indiana economic development corporation for permission to expand the unit's certified technology park to include territory that is adjacent to the unit's certified technology park but located in another county. The corporation shall grant the unit permission to expand the certified technology park if the unit and the redevelopment commission having jurisdiction over the adjacent territory approve the proposed expansion in a resolution. A certified copy of each resolution approving the proposed expansion must be attached to the application submitted under this subsection.

SECTION 11. IC 36-7-32-22 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 22. (a) The treasurer of state shall establish an incremental tax financing fund for each certified technology park designated under this chapter. The fund shall be administered by the treasurer of state. Money in the fund does not revert to the state general fund at the end of a state fiscal year.

(b) **This subsection applies to a certified technology park designated by the Indiana economic development corporation before July 1, 2009.** Subject to subsection ~~(c)~~; (d), the following amounts shall be deposited during each state fiscal year in the incremental tax financing fund established for a certified technology park under subsection (a):

(1) The aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the certified technology park, until the amount of state gross retail and use taxes deposited equals the gross retail incremental amount for the certified technology park.

(2) The aggregate amount of the following taxes paid by employees employed in the certified technology park with respect to wages earned for work in the certified technology park, until the amount deposited equals the income tax incremental amount:

(A) The adjusted gross income tax.

(B) The county adjusted gross income tax.

(C) The county option income tax.

(D) The county economic development income tax.

(c) **This subsection applies to a certified technology park designated by the Indiana economic development corporation after**

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June 30, 2009. Subject to subsection (d), the aggregate amount of the following taxes paid by employees employed in the certified technology park with respect to wages earned for work in the certified technology park, until the amount deposited equals the income tax incremental amount:

(1) The county adjusted gross income tax.

(2) The county option income tax.

(3) The county economic development income tax.

~~(c)~~ **(d)** Not more than a total of five million dollars (\$5,000,000) may be deposited in a particular incremental tax financing fund for a certified technology park over the life of the certified technology park.

~~(d)~~ **(e)** On or before the twentieth day of each month, all amounts held in the incremental tax financing fund established for a certified technology park shall be distributed to the redevelopment commission for deposit in the certified technology park fund established under section 23 of this chapter.

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